



AGENDA NO: 7.d

MEETING DATE: April 9, 2024

Staff Report

TO: Honorable Mayor and City Council

DATE: March 25, 2024

FROM: Lori Stilts, Harbor Business Coordinator

SUBJECT: Adoption of Resolution No. 24-24 Approving Amendment #1 to the Interim Lease Agreement with Todd Baston and Tamara Gray-Baston, for Lease Site 62/62W located at 551 Embarcadero.

RECOMMENDED ACTION

Adopt Resolution No. 24-24, approving Amendment #1 to the Interim Lease Agreement with Todd Baston and Tamara Gray-Baston, for Lease Site 62/62W located at 551 Embarcadero.

ALTERNATIVES

The City Council can elect to not approve Amendment #1 as proposed and/or can propose changes, and direct staff accordingly.

FISCAL IMPACT

The lease site provides a modest positive fiscal impact and once re-developed will increase to its full revenue generating purposes.

BACKGROUND

Council approved a 5-year Interim Lease Agreement for Lease Site 62/62W through an RFP process in September 2019. The Lease Site is operated by Todd Baston and Tamara Gray-Baston (Baston's) and subleases to Morro Bay Paddle Sports (MBPS).

The Baston's are working towards a redevelopment plan with consent of landowner (COL) approved by City Council on September 12, 2023.

DISCUSSION

After following up on the Baston's COL deadlines, staff realized that Amendment #1 to the Interim Lease Agreement, which was intended to be approved concurrently with the COL, was inadvertently overlooked and not included in the staff report in September of 2023.

The term of the Interim Lease Agreement expires on September 30, 2024, whereas the redevelopment project will supersede the lease expiration date. Staff met with the Baston's contractor, discussed the project timeline and agreed the Interim Lease Agreement needed to be extended by at least 18 months to meet the COL deadlines. Accordingly, staff recommends establishing a new expiration date of March 30, 2026 for the term of the Interim Lease Agreement.

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Prepared By: LS

Dept Review: TS

City Manager Review: YK

City Attorney Review: PJM

CONCLUSION

The Baston's have in good faith continue to move forward with their proposed redevelopment project. Staff, therefore, recommends approval of Resolution No. 24-24 and Amendment #1 to the Interim Lease Agreement with the City.

ATTACHMENTS

1. Resolution No. 24-24
2. Amendment #1, Lease Site 62/62W